

Bank of Mauritius



DISSEMINATION NOTE:

Release of the Other Financial
Corporations Survey and
Financial Corporations Survey

Statistics Division
Economic Analysis & Research and
Statistics Department

31 July 2023



INTRODUCTION

The Bank of Mauritius (Bank) is responsible to collect, compile, and disseminate, on a timely basis, monetary and related financial statistics. In so doing, the Bank abides with internationally accepted best practices on statistics, in line with the International Monetary Fund (IMF) Special Data Dissemination Standards (SDDS)¹ to which Mauritius adhered since February 2012.

The Bank's compilation of monetary and financial statistics is based on the concepts and principles of the IMF's Monetary and Financial Statistics Manual and Compilation Guide 2016 (MFSMCG 2016). The statistics that are currently disseminated include the sectoral balance sheets of the central bank, banks and Non-Bank Deposit Taking Institutions (NBDTIs), which culminate into the derivation of a Depository Corporations Survey (DCS)². The DCS is a consolidated statement of the stocks and flows among these 3 institutional units that impact on money creation. The framework of the DCS is designed to facilitate the analysis of major variables, such as broad money, domestic claims, and depository corporations' foreign assets and liabilities.

Considering the status of Mauritius as an International Financial Centre and the increasing complexity of international financial transactions, it is deemed of utmost importance to widen the existing coverage of statistics to financial corporations other than the central bank and other depository corporations, that is, the Other Financial Corporations (OFCs). This is consistent with international trends, especially in the aftermath of the 2008 global financial crisis. Numerous studies have indeed shown that the collapse of the financial system could be traced back to the activities of non-bank financial intermediaries that were much less regulated than banks, if not unregulated.

¹ The IMF's Special Data Dissemination Standard (SDDS) was established in 1996 to guide countries that have access to international capital markets in the dissemination of economic and financial data to the public.

² The derivation of the DCS is in line with the requirements of the IMF's SDDS. It involves the compilation and dissemination of the (i) Sectoral balance sheet of Bank of Mauritius (BOM); (ii) Central Bank Survey (CBS); (iii) Sectoral Balance sheet of banks; (iv) Sectoral Balance sheet of NBDTIs; (v) Other Depository Corporations Survey (ODCS); and (vi) Depository Corporations Survey (DCS).

The Bank is therefore expanding the coverage of monetary and financial statistics to the financial sector as a whole to better understand the risks inherent to financial activities. It will henceforth disseminate, on a quarterly basis, the results of the Other Financial Corporations Survey (OFCS) together with the Financial Corporations Survey (FCS), which is the consolidation of the OFCS with the DCS.

The Bank has worked in close collaboration with the Financial Services Commission (FSC), under whose purview the OFCs operate, in the preparation of the OFCS. The Bank also obtained technical assistance from the IMF to assess and review the available data sources for the OFCs, as well as the quality of the compiled data.

The publication of the OFCs increases the readiness of Mauritius to adhere to the IMF Special Data Dissemination Standard Plus (SDDS Plus). The SDDS Plus was established in 2012 as the third and highest tier of the data standards initiatives to enhance the scope of economic and financial statistical database being disseminated and provided to the public by member countries. It is more rigorous than the SDDS, and requires adherents to disseminate a broader range of data than under the SDDS with specified periodicity and timeliness³.

THE OFC SECTOR IN MAURITIUS

OFCs refer to financial institutions that operate in the financial industry, but are not classified as ODCs. These institutions typically provide specialized financial services and products beyond traditional banking activities, such as investment banking, insurance, asset management and securities brokerage. They play a crucial role in the overall financial system by serving as intermediaries between investors and borrowers.

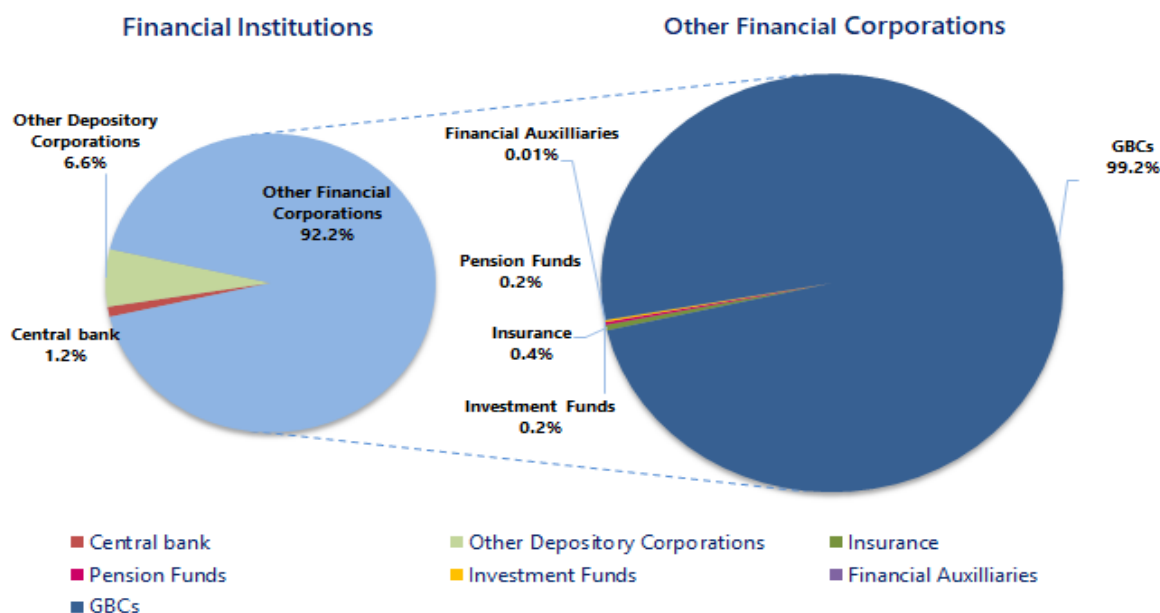
In Mauritius, OFCs represent a substantial portion of the overall financial system, and comprise Global Business Corporations (GBCs), insurance corporations, pension funds, investment funds and financial auxiliaries. As at end-March 2023, the total assets of OFCs accounted for about 92 per cent of total financial sector assets. The OFC sector is dominated by GBCs that make up

³ SDDS applies to 18 categories of economic and financial statistics and covers four sectors of the economy. The SDDS Plus requires the adherent countries to observe requirements for 9 additional data categories, which are: (i) sectoral balance sheets; (ii) quarterly general government operations; (iii) general government total gross debt; (iv) other financial corporations survey; (v) financial soundness indicators; (vi) debt securities; (vii) Coordinated Portfolio Investment Survey; (viii) Coordinated Direct Investment Survey; and (ix) Currency Composition of Official Foreign Exchange Reserves.

almost 99 per cent of the total assets of the OFCs and 91 per cent of total financial sector assets.

In order to compile the OFCS, data is collected from 22 insurance companies, 60 pension funds, 51 investment companies, 24 financial auxiliaries and around 150 management companies which represent some 12,000 GBCs.

Chart 1: Structure of the Financial Sector in Mauritius as at 2023Q1



FRAMEWORK UNDERLYING THE DERIVATION OF THE OFCS

The OFCS provides a framework that seeks to capture the wide range of financial activities conducted by the OFCs. The overall structure of the OFCS is generally in accordance with that described in the 2008 System of National Accounts and the IMF MFSMCG 2016.

The compilation process for the OFCS embodies two levels of data compilation and presentation:

- First, and as a general rule, data reported by institutional units are aggregated into sectoral balance sheets that provide information on financial assets and liabilities

categorized by type of financial instrument, currency, and counterpart sector⁴. Sectoral balance sheets present data in a format that facilitates the compilation of analytical surveys and the presentation, as well as analysis, of monetary and financial statistics.

- Secondly, the data from the sectoral balance sheets are combined and rearranged into the OFCS. The latter provides more aggregated asset and liability categories that are particularly useful for analytical purposes.

The OFCS encompasses three major components, which are: (i) net foreign assets (NFA); (ii) domestic claims; and (iii) liabilities excluded from broad money.

The NFA provide an indication of the direct domestic monetary impact of the transactions of the OFCs with the rest of the world.

Domestic claims refer to the sum of net claims on central government, claims on other sectors and claims on Depository Corporations. The presentation of the claims on central government on a net basis facilitates the analysis in the determination of the OFCs' financing of central government operations.

Liabilities excluded from broad money cover all the domestic borrowings obtained by the OFCs from the rest of domestic sectors in the economy and other liabilities issued for the purpose of financing their operational needs and requirements, for instance, debt securities, insurance, pension and standardized guarantee schemes and equity and investment fund shares.

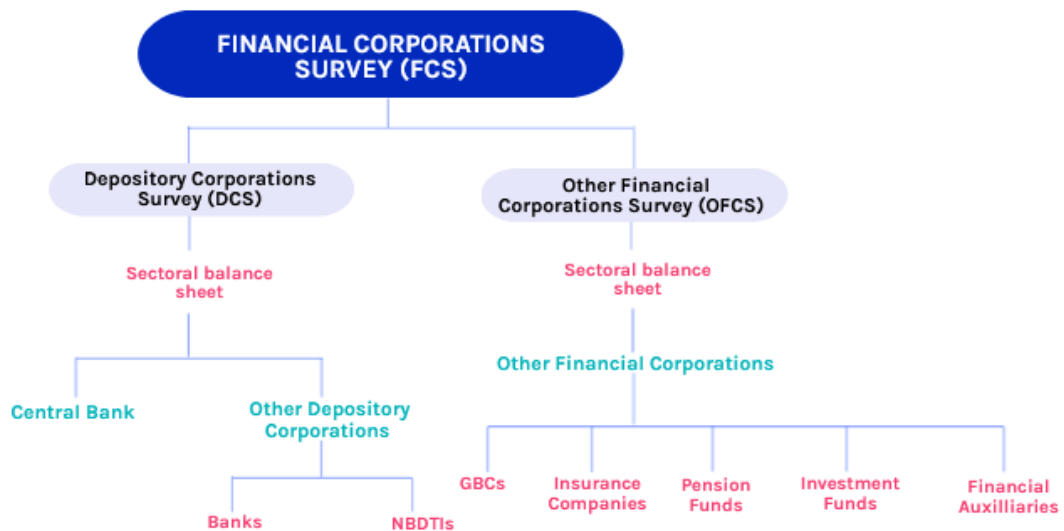
From an analytical perspective, the OFCS allows for a comprehensive overview of credit aggregates in the financial sector by combining the domestic claims of depository corporations and OFCs. Credit or claims in the economy are thus less likely to be underestimated. Further, classification by counterpart sector in the OFCS enables policy-makers to identify the concentration of financial vulnerabilities across sectors and/or subsectors.

⁴ Counterpart sector refers to resident and non-resident sectors. The resident sector comprises depository corporations, private and public non-financial corporations, general government, households and non-profit institutions serving households.

THE FINANCIAL CORPORATIONS SURVEY (FCS)

The FCS consolidates the OFCS with the DCS, and therefore shows the complete monetary statistics framework. The FCS provides a comprehensive measure of the claims (by debtor) and liabilities (by creditor) of the financial system. The structure of the FCS is depicted in Chart 2 below.

Chart 2: Structure of the Financial Corporations Survey



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